

Salary Negotiation Workshop

Introduction

Hello. This is Wendy Richards and today we're going to talk about salary negotiation. This part of the job process is one of the most stressful for my students. A lot of them have never had to negotiate before. This might be the first time that they have tried this, and they want to be successful. There're actually statistics about this showing that a lot of employers, especially in the private industry, expect you to negotiate your salary. You have a 70% chance of getting an offer better than your initial offer by just attempting salary negotiation. So, don't feel too put off by it. You can do it. We're going to have examples at the end of this but we're going to go through the process and talk about the different aspects of it. Maybe you'll feel a little bit more confident in the end.

Story

When I give this presentation in person a lot of times I read this article and it's about this young woman who got her first job and she thought that she was making a fine amount of money and then she runs into a co-worker and finds out she's making a lot less than he is. And so, she vows that next time she'll do better.

So, the next job she has she gets a higher salary offer and she thinks to herself, "Well, that's higher than my first one. I must be doing better." And she takes it, and she doesn't negotiate and she's thinking this is the way it works. Every job gives me a little bit more pay. That's great. And then she finds out, again, that the other people that she's working with are making more than she is. And she starts to get a little bit more savvy about this.

So, the next time she has an opportunity. She does her research. She knows her worth. She knows what the other people doing the same job are making, and she pitches that ballpark number, and lo and behold, they give her that number. This is also one of the reasons why, when you first are starting to negotiate, you don't want to let them know what you're making right now if you can help it, because they might think that they can offer less. And because it's still more than what you're currently making you should think that's a good deal.

Okay. Let's talk a little bit about timing. When can you expect that first offer? Well, it depends. One to six weeks after your second or third interview. Usually, that first interview is trying to narrow the field a little bit. That second interview is they're really, really interested in you and that actually might be when they start the negotiation process. But if you're being called back for a third interview you should probably expect that's going to be

the time when you're going to have to talk about this. When you get your job offer remember that this is the most powerful, you're ever going to be in this negotiation process. They want you. They hope you want them, and all you have to do is find a number that both of you agree on. It's a lot harder once you accept a job and sign on the dotted line to ask for a raise. So, you want to do this right. Negotiate wisely. What you earn now exponentially affects how much you earn over your career. So, if you start out at a low rate you are not going to get as high as other rates in the same amount of years that somebody else started out at a higher pay rate. So, you want to do the best you can every time you change jobs, every time you start out, because if you get behind it's really hard to make that improvement midway through your career. That's a lot of savings for retirement that can happen or paying off your student loans.

Budget

Okay. Let's get into this. You have a job offer. Now what? First thing you need to do, think about your budget, think about your living expenses, how much does rent, food, cell phone, your TV, how much do these things cost? Transportation, student loans, healthcare, childcare, are you saving for a house? Are you having to pay a mortgage? Put it all together and create three categories. One of them 'minimum acceptable.' That's how much minimum you need to pay your bills. Realistic. You can pay your bills, and you can save a little bit for retirement or for something else you want to do. Dream salary. That one, it's good to know what it might be to you, but you're probably not going to be using it for this more realistic negotiation.

Why is this important? If you accept a lower salary starting than you should, the whole basis of your future salaries can be impacted, and we will, again, talk about how if on the application materials you're asked what your current salary is we're going to talk about how to get around that, because that is a sneaky, terrible question.

Not all employers negotiate equally. The offered salary may or may not be negotiable. That's something that you should ask right up front. Is this salary negotiable? And it may or may not be fair. If your skills are in high demand companies might worry about losing you to competitors, so they might start out with a higher offer. You shouldn't necessarily always think that the first offer is their lowest offer. Some industries are regulated and have predetermined pay scales. If you're going to work as a teacher, if you're going to work in the government, they have a grid and they will show you where you fall on that grid. A nice thing about that grid is you can also see, with increased education and with increased years, how you can climb up on that grid and what those expected rates are, what those expected increases are.

A small, nonprofit or startup may have limited funding but can offer flexible schedule or the ability to work from home. Nonprofit work, I've been in that industry, and it's interesting because a lot of nonprofits do not have big budgets. But a lot of them have a lot of flexibility. A lot of them have a very caring atmosphere and you have to think about how much that matters to you. On the other side, a nonprofit might be grant-funded, usually is, usually depends on other people's money coming in, their ability to fundraise. Grant money is usually given to fund a specific project with a specific timeline and specific goals. There's not a lot of wiggle room in there and there is usually an end date. So, if you were applying for a grant-funded job you need to be well aware that it might not be long term, and you might want to ask what their intentions are after the funding ends for this position.

All right. Businesses have done their research about how much they will offer. Employers have salary ranges dependent upon your qualifications and experience. They sort of created their own grids about how much they're willing to pay based on what experience you are offering. They will usually start by offering a lower salary and expect you to negotiate. Remember what I said earlier. You are the only one who will advocate for you.

Package

When you're looking at a job offer, it's not just the salary. You also want to look at the whole package. There are things on this list that might be more meaningful to you than others.

Schedule. Do you want to work a nine-to-five job? Do you want it to be more flexible than a nine-to-five job? Do you want it to be remote?

Vacation days. Are you only given two weeks? Are you given five weeks? Are you given summers off?

Company car or travel expenses. If you're going to be doing a lot of traveling, are they going to cover those?

Tools for work. Laptops, iPads, internet connections?

Are they going to provide office space? Is it going to be a cubicle or a fancy office? That might be meaningful to you.

Are you going to have an expense account? If you go out to dinner and take a client out, is it going to be on the company card?

Professional development opportunities and funding. Will they pay for you to, say, get your master's degree or get a certification? Some companies require you to get those things so it's nice to know that they'll cover that.

Club/professional association memberships. Just another expense that if they take care of you don't have to.

Location of position. I think that I would be alright with making less money if I was in the Bahamas versus Iberia. It could make a difference.

Bonuses for job performance. A lot of times that has to do with sales, but you can make a lot of money on bonuses. There's also Christmas bonuses. You should know if they have those or if they don't and how much on average that is or what do you need to do to get that bonus. What does that bonus look like?

Flexible starting date. Maybe you've planned an awesome vacation, and you can't start in the two weeks that they want you to start. It's going to be a month or two months before you can start, and they'll allow you to do that. That could be worth something, too.

Reputation

What are you looking for in a job? So, this is something you want to weigh personally. What is the employer's reputation? Do some homework. If the employer has a toxic reputation, I think I would want to be paid a little bit more to work there. Is the training program attractive and comprehensive? If you've been in the workforce a long time and you've had a lot of different jobs, you might notice that some training programs are really in-depth and really awesome and some of them, they kind of dip you into boiling oil and see if you turn out crispy. If you're okay with that, go forth. If not, a training program might be more attractive.

Are there advancement and mentoring opportunities? So, this is something I always tell people to ask about because if you're coming into a job offer, and the job offer is a little lower than you are hoping or it's an entry-level job, and you want that opportunity to climb the ladder, ask the employer what that looks like. How many years do people usually spend in this position before they move up? What are some of the jobs that they might move into after this position? What does this position prepare you to do? It's usually very easy to understand if you're going into a management training program that they're expecting you to be a manager at some point, and maybe they have a well-thought-out process for how you start out at a particular level, when and how big your first team is, and how that progresses.

In some places you might be looking at a small company and there might not be a lot of growth potential. There might not be a lot of other jobs that you could slip into. But you also have employers like the government, which are so vast that there's a lot of opportunity to go in a lot of different directions. And they always look internally before they look externally for those jobs. That kind of flexibility could really appeal to some people. If you don't want

that increasing level of responsibility and you're happy with the job that you're going for that's fine, but you might want to know what else is available within that company. Will you be given significant responsibility? Yes, we just talked about this. Is that appealing? If so, what does that look like? Are the surroundings and people pleasant? This is one of these things where if you go on Glassdoor or Indeed you can actually look at some of the ratings about the company and read reviews from other people who've worked there. You might get a good idea, but you can also tour the campus, see what it's like.

Where would you be working? What does that look like? Are the people that you're interviewing with nice? Can you see yourself fitting in amongst them? Is there job security? I talked about this a little bit with the nonprofits, but if you're going into a startup, you're taking a little bit of a risk that this might not be long-term. If you're going into a contracted position, it's definitely not going to be long-term. How are you at assessing risk? Is it something you're alright with or do you want something a little bit more stable? How much is that worth to you? Does it offer professional, personal, and educational growth? We talked about that already. Is the salary adequate for your needs?

That's where you go back, and you reference those budgets that you made before. Is it falling into that middle 'reality' budget and it's going to be adequate? Does the benefit package compare to those of other employers?

Benefits, when you're first getting into the job market are something that a lot of new employees underestimate. The cost of health insurance, dental insurance, eye insurance, a match on retirement, those are all things that if your employer doesn't pay for them, you're going to have to cover out of that salary. So, the more that the employer takes on, as far as benefits, things like paid sick leave, the less that's going to come out of your pocket. So even though it might not be reflected in that salary number you should know what else they're paying for that is making the cost of hiring you bigger. How much are you worth? Hmm. You need to know this when negotiating.

Be prepared to present research on salaries in the field, cost of living, and/or market demand for your credentials and qualifications. Your statistics should accurately represent your background and job. We all know that across the nation there are places that will pay more for particular skill sets and there are places that will pay less. Cities often have a higher cost of living, so that much of what you developed might need to be a little bit higher if you're looking at a job in a city. Also moving expenses, are they going to help with those? You need to find out by doing your research.

How much are people in that area with your skills and level of experience being paid? What relevant skills or experience do you have that they want? Do you have related transferable

or high-demand skills or experience? If it's really hard to find somebody who knows XYZ and you know X Y Z, that's something to point out to them. I've got what you need. I'm ready to start. I'm excited to work with your company.

How will you contribute to the employer's success? You might be called upon to sort of paint a picture. You might talk about increasing efficiencies, increasing sales, increasing customer loyalty, what sets you apart. This is a hard question for people but hopefully you've done your resume, you've done your cover letter, you've really thought about how your skills apply to that job, and you know where you shine.

Use Glass Door's 'Know Your Worth' tool, which gives you a personalized estimated market value on what others in your field are being paid. There's a lot more out there than just this one but do your research.

Other considerations. Benefits in lieu of money. Paid time off, opportunities for advancement, etcetera, may be more important to you than the bottom-line dollar amount.

The Process

So, here's the process. Negotiation may consist of several contacts. After the initial offer, take time to evaluate and return to the employer with a counteroffer or adjustments on the original offer. The employer may take time before either accepting your counteroffer or they may make more adjustments. This process continues until the employer states that the current terms are their final offer. When the final offer is given the candidate can take time to consider, but by the next contact they'll need to tell the employer whether or not they accept or decline. This is all about taking time, thinking it over, thinking about what you really want, what's really important to you, putting it into words and proposing it back to the employer.

Tips

Here's some tips. Never, if at all avoidable, put a salary requirement out there first. You want to know what they're going to pay and let them set the terms and that gives you an idea of the wiggle room of what they expect to pay for that position at their company. If you put out something that is off base, maybe you didn't do your research, that puts you at a whole different place in the negotiation. If you put your salary requirement out there first and it's too large it might turn the employer off. They might think that they can't afford you. If you put it out there and it's too low, they might wonder about your qualifications or they might try to undercut your value.

Avoid accepting the first offer. If you need time to evaluate, say so. Schedule your next meeting a day or two days out and come back with your counteroffer. Give yourself time.

Talk to somebody else about it. Weigh the complete package. Have a salary range rather than a single figure. If you're pressed for your salary requirements, offer a range based on what others in your field are earning. Remember that budget that you came up with before. Maybe you want to take something in the “middle” to the “dream” and make that your parameters. That way if they offer a little bit less, it's still in with the reality section. If you really want it and if they offer something on the high end, but not necessarily the top you've given them, you can still feel pretty good about that. And if that's a little lower, then what you had in mind as a “dream” maybe they'll feel a little bit good about that, too.

Understand your leverage. A higher-competing offer for the same type of position within the same industry is an effective negotiation strategy. Never lie. Employers communicate with each other. This is if you've got multiple job offers and you can say, ‘Well, I've had another job offer from company X and they're willing to pay more than your company is offering. Is there any way you could offer a little bit more because I would really like to work with you.’ This brings us to some negotiation tips.

Practice Your Pitch

Practice your pitch at least once before you actually negotiate. Find someone to listen to your proposal for a salary increase so you can feel the cadence of your speaking points out loud in a conversational setting. Much of a successful negotiation boils down to feeling comfortable and practiced. Attitude and demeanor mean a lot so be gracious, no matter the outcome, be understanding, appreciative, and thankful for the opportunity. Be confident in your delivery. It's extremely important to bring confidence to the delivery in your pitch and in the negotiations that follow. Take time to think over and understand what the total offer is, not just the wages. Look for creative ways to achieve your optimal offer.

Phrases to Avoid

What to say. Adjust the phrasing here to fit your personal style and what you are negotiating. Something you really want to keep in mind is they want you; you want them, you want to keep it positive. When you're trying to avoid the direct salary question here's some phrases you might use:

‘I'd like to learn more about the position and the responsibilities before I give you a firm answer about salary.’

‘It's too early in the process for me to estimate salary.’

‘What is the salary range for this position or similar positions with this workload at your organization?’

When you're starting the negotiation process here are some other phrases:

'Can you give me some background on how you put this offer together?'

'Do you have any flexibility on that salary number?'

'On that salary figure, is that the maximum you can offer?'

'Based on the requirements of this job and my specific skill set I would consider a salary between x and y.'

Framing

Framing.

'Based on my research of similar positions in this area I was thinking of X.'

'In order for me to be most effective, I would need these resources...'

'Based on my prior experience and familiarity with this role, I believe that an additional X would be fair.'

'Since this position would require additional time or more work in order for me to meet the company goals, I think that these resources ... would be important for me to have.'

'I'm sure that I could contribute more to company goals if I had ... '

If you get stuck, if things go a little sideways, here are some phrases you can use:

'I can see that what I said has surprised/upset/frustrated you and that wasn't my intention. Can you help me understand your reaction.'

'It looks like I've taken you by surprise. Do you mind if I give some background information.'

'I know we haven't figured this out yet, but let's keep talking. I'm sure we can find something that'll work out for both of us.'

'It seems like we're headed in the wrong direction. What can we do to get back on track?'

'I can see you're not pleased with my offer. What do you think would be fair?'

'We are really far apart. Perhaps we can meet somewhere in the middle?'

More Strategies

There are a few more strategies in your negotiation process.

Maintain professionalism. Do not become too casual after receiving an offer. Remember, the person you are negotiating with may be your future supervisor or colleague.

Make a decision. Be prepared to make a decision once the organization has stated its final offer. It is not appropriate to try to hold out for more time or another offer. That can be a fine line to walk when you've got more than one offer coming in or more than one interview happening at the same time. Use your discretion, but once you've said yes commit fully.

Once you reach a decision, let your employer know that you are with them 100%. It is unethical to continue pursuing alternative employment after accepting an offer. Withdraw your candidacy from all other applications upon accepting an offer.

Final Steps

Final steps. Put it in writing. This is really important. People's memories are short. When an offer has been agreed upon verbally, ask the employer for the offer in writing before formally accepting. A written offer helps you to be sure both parties are clear on the terms.

You might think you heard something that they didn't put in writing, and you need to come back to that and say, 'Hey, I thought we had agreed on this, but I don't see it here. Can we add it in?' Getting it in writing is important. Think about this like a contract.

I have the section on acceptance letters. A lot of times an employer will send you the offer in writing and you simply sign it. But if you are making an actual acceptance letter, congratulations! You have decided to accept an offer now it is time to write a formal acceptance letter restating your understanding of the offer to solidify the employment agreement. Include the following:

- Salary
- Starting date and time
- Location
- Any perks, signing bonuses, etc. that you negotiated
- Any other factors that you feel were vague or not in writing

This could be a response to what they had sent you initially as part of their offer.

Offer Decline Letters

Decline an offer in writing as soon as you accept another position. You may need this contact later, so never burn bridges. Thank the employer for their interest in you and state your wish to maintain a positive, professional relationship.

Do not leave them hanging without an answer. You need to tell them if you've accepted another offer as graciously as possible because someday you might want to work for them again. And you might want to say, 'Hey, remember me?,' and if they remember you as

somebody who they offered a job to and then you disappeared. That's not very professional and you don't want that to be their recollection of who you are.

Summary

The bottom line in negotiating a job offer is finding a career that meets your values, interests, and skills and compensates you at the level of your expertise. Negotiating a job offer may be scary, but if done in a professional way, it can result in a better job package to start your career.

Remember, 70% of people who try to negotiate their salary end up with something better than they were initially offered. Very few employers will think less of you for attempting this. It's alright to try. You can couch it in talking about the offer itself and different points about it and clarifications if that helps you to sort of, on the bunny slope of this negotiation process, you can take a more inquisitive line of talking to the employer.

Is this salary flexible? Is this your best offer? Is there any wiggle room? And you might find yourself saying things like, 'Because of my experience working in this field I feel very prepared to come in and add value to your company, but what you proposed as a salary is equivalent to or less than what I've already been making. I think that this position requires more responsibility, and I can hit the ground running with that. I can meet your needs. I can exceed your expectations, but I'd like to see myself going forward in my career and I'd like to know a little bit about what kind of growth I can expect if I accept this offer.'

Here's one more tip just from my experience negotiating salaries, which I've done for many years. I actually also negotiate car deals when buying autos. I'm going to give you a last potential tip.

If you really want the job and they're not quite offering you the level of salary that you want, but you want to do that meet in the middle thing, try this. Try asking them, 'Could I potentially have a review six months into this position, and if I have met your needs, met the goals for this job at that time, would you consider raising my salary then, and if so, by how much?'

What this can possibly do is recognize that hiring has to be done year-round. The budgets are usually only done once a year. So, if they need to hire somebody and they only have so much left in their budget for that year, they might be offering you the rest of what that other person was making, just because they don't have any wiggle room in their budget. But when that new budget is made, they might be able to put your position in at a higher rate, and this allows them a graceful way of sort of acknowledging that, keeping you interested because they want you and letting you prove to them that your performance is worth that extra money that they will at that time have the budget for.

I hope that at the end of all of this you feel a little bit more confident, a little bit more knowledgeable about how this negotiation process goes. Remember, we here at Thomas College offer Professional and Career Development as a lifetime benefit. Come see us if you need us. We are always happy to help. Thank you.